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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/480,991	01/11/2000	David Cushing	2566-105	5026
6449	7590	04/07/2006	EXAMINER	
ROTHWELL, FIGG, ERNST & MANBECK, P.C. 1425 K STREET, N.W. SUITE 800 WASHINGTON, DC 20005			CHANDLER, SARA M	
			ART UNIT	PAPER NUMBER
			3628	

DATE MAILED: 04/07/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	<b>Application No.</b> 09/480,991	<b>Applicant(s)</b> CUSHING, DAVID	
	<b>Examiner</b> Sara Chandler	<b>Art Unit</b> 3628	

**-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --**

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☐ Responsive to communication(s) filed on 2/06/2006.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-31 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-31 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |   |   |
|---|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                        | 4) <input type="checkbox"/> Interview Summary (PTO-413)                     |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)    | Paper No(s)/Mail Date. _____  |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| Paper No(s)/Mail Date _____   | 6) <input type="checkbox"/> Other: _____                                    |

## **DETAILED ACTION**

### ***Response to Amendment***

This Office Action is responsive to Applicant's arguments and request for reconsideration of application 09/480,000 (January 11, 2000) filed on February 6, 2006.

### ***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

The changes made to 35 U.S.C. 102(e) by the American Inventors Protection Act of 1999 (AIPA) and the Intellectual Property and High Technology Technical Amendments Act of 2002 do not apply when the reference is a U.S. patent resulting directly or indirectly from an international application filed before November 29, 2000. Therefore, the prior art date of the reference is determined under 35 U.S.C. 102(e) prior to the amendment by the AIPA (pre-AIPA 35 U.S.C. 102(e)).

**Claims 1-31** are rejected under 35 U.S.C. 102(e) as being anticipated by May, US 6,421,653.

**Claim 1** May discloses a method for conducting a financial batch auction after a first period and before a second period, comprising the steps of:

receiving during an order acceptance period orders from a plurality of participants, said orders representing a desire to execute a trade regarding a security (col. 16, line 30-col. 17, line 20);

continuously transmitting to said participants information regarding orders as they are received during said order acceptance period (col. 7, lines 7-43);

allowing said participants during said order acceptance period to modify previously submitted orders only if the modification meets a predetermined set of conditions (see orders in the queued order window can be edited, col. 43, lines 40-44; active orders, col. 33, lines 39-42; price adjusting, col. 31, lines 16-34; adjusting quantities, col. 36, lines 38-42; active orders and changing orders, col. 37, line 13-36; canceling orders, col. 38, lines 1-67, especially lines 1-14, and modifying, col. 38, lines 64-66; col. 4, line 63- col. 5, line 10; col. 18, line 18-col. 19, line 7); prohibiting the receiving of orders after said order acceptance period (col. 4, line 58 - col. line 10 it is inherent, in auction systems, to have a predefined bidding period); discovering an optimal price at which a maximum number of shares will be executed based on all orders received during said order acceptance period (finding price at which the most volume is traded, col. 43, lines 50-62; best prices, col. 35, lines 6-9; col. 37, lines 13-36; 302, Fig.15; col. lines 12-27); and executing a trade of said maximum number of shares at said optimal price (col. 37, line 45-col. 39, line 29).

**Claim 2** May discloses a method for conducting a financial batch auction according to claim 1, wherein said orders include parameters describing a trade side, a security identifier, and a quantity of shares (Fig.7).

**Claim 3** May discloses a method for conducting a financial batch auction according to claim 1, wherein said orders have order types selected from the group consisting of unpriced orders, priced orders, and cross orders (620, 672,684).

**Claim 4** May discloses a method for conducting a financial batch auction according to claim 1, wherein the batch auction is conducted concurrently with a continuous trading financial market for said security (abstract).

**Claim 5** May discloses a method for conducting a financial batch auction according to claim 4, wherein one of said first period or said second period comprises a stoppage of trading of said security on said continuous trading market (col. 30, lines 41-col.31, line 15).

**Claim 6** May discloses a method for conducting a financial batch auction according to claim 1, wherein said information transmitted to said qualified recipients comprises an indicated price and a net order imbalance for said security (it is inherent in a financial batch auction to transmit information to qualified recipients for either an indicated price or a net order imbalance).

**Claim 7** May discloses a method for conducting a financial batch auction according to claim 1, wherein modification of previously submitted orders includes requests to cancel orders and requests to modify quantity and/or price of orders (see orders in the queued order window can be edited, col. 43, lines 40-44;

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active orders, col. 33, lines 39-42; price adjusting, col. 31, lines 16-34; adjusting quantities, col. 36, lines 38-42; active orders and changing orders, col. 37, line 13-36; canceling orders, col. 38, lines 1-67, especially lines 1-14, and modifying, col. 38, lines 64-66; col. 4, line 63- col. 5, line 10; col. 18, line 18-col. 19, line 7).

**Claim 8** May discloses a method for conducting a financial batch auction according to claim 7, wherein receiving of requests to cancel orders is terminated at a predetermined time before the end of said order acceptance period (see settlement module 42).

**Claim 9** May discloses a method for conducting a financial batch auction according to claim 1, further comprising an allocating step wherein said executed maximum number of shares is distributed pro-rata among orders that qualify for execution (42).

**Claim 10** May discloses a method of performing a batch auction of a security, comprising the steps of:

compiling an order book, wherein said compiling comprises receiving order information from participants during an order acceptance period, entering orders into the order book, and modifying or canceling orders within the order book in response to modification requests received from participants based upon order information provided to said participants during said order acceptance period, where said modification requests satisfy a plurality of predetermined conditions (col. 16, line 30-col. 17, line 20; col. 7, lines 7-43; (see orders in the queued order window can be edited, col. 43, lines 40-44; active orders, col. 33, lines 39-42; price adjusting, col. 31, lines 16-34; adjusting quantities, col. 36, lines 38-42; active orders and changing orders, col. 37, line 13-36;

canceling orders, col. 38, lines 1-67, especially lines 1-14, and modifying, col. 38, lines 64-66; col. 4, line 63- col. 5, line 10; col. 18, line 18-col. 19, line 7));

discovering an optimal price, wherein said discovering step comprises identifying one or more prices at which the batch auction would produce a maximum number of executed shares, and selecting one of said one or more prices as an optimal price (finding price at which the most volume is traded, col. 43, lines 50-62; best prices, col. 35, lines 6-9; col. 37, lines 13-36; 302, Fig.15; col. lines 12-27); and

executing the batch auction at the said executing step comprises crossing orders within the order book at the optimal price (col. 37, line 45-col. 39, line 29).

**Claims 11-19** are similarly rejected as in Claims 1-9 and 10.

**Claim 20** A computerized system for performing a batch auction of a security, comprising:

a computerized network having at least two computers in electronic communication with each other (col. 5, lines 48-55; col. 6, lines 31-34);

an order receiving program running on one or more of said computers, wherein said receiving program is designed to receive a plurality of messages containing orders and modifications of prior orders from a plurality of participants during an order acceptance period, and to accept only those orders and modifications of prior orders that meet a set of predetermined criteria (col. 5, lines 48-55; col. 16, line 30-col. 17, line 20; col. 5, lines 48-55);

an order book database located on one or more of said computers, wherein said order book database communicates with said order receiving program and stores each

of said accepted orders received by said receiving program (col. 5, lines 48-55; col. 16, line 30-col. 17, line 20; col. 5, lines 48-55, communication between programs and storing information is inherent to the compute network);

a price discovery program running on one or more of said computers, wherein said price discovery program calculates an optimal price upon which to transact a maximum number of shares of the security during the batch auction based on order information stored in said order book database (col. 5, lines 48-55; finding price at which the most volume is traded, col. 43, lines 50-62; best prices, col. 35, lines 6-9; col. 37, lines 13-36; 302, Fig.15; col. lines 12-27);

a batch auction execution program running on one or more of said computers, wherein said execution program executes the batch auction of said maximum number of shares of the security at a predetermined execution time (col. 5, 48-55; col. 37, line 45-col. 39, line 29); and

a notification program running on one or more of said computers, wherein said notification program publishes a predetermined selection of data from said order book database during said order acceptance period, and wherein said notification program notifies said participants of said published selection of data during said order acceptance period (col. 5, 48-55, inherent to method, system, program for conducting auctions is a means to notify participants of selected data, it is necessary to aid users in decision making).

**Claims 21-29** are similarly rejected as in Claims 1-9 and 20.



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**Claim 30** May discloses a method for conducting a security batch auction cycle, said auction cycle having an order acceptance period, a price discovery period, and an order execution period, said method comprising the steps of:

during a first of two stages of said order acceptance period (col. 5, lines 37-39; col. 6, lines 16-21 and 57-61; col. 7, lines 26-27 and 32-34. The reference to the processing of trades initiated by users is comparable to accepting a request to enter, modify or cancel an order from a user):

accepting requests to enter auction orders into an order book, to modify auction orders within the order book, and to cancel auction orders within the order book (col. 5, lines 37-39; col. 6, lines 16-21 and 57-61; col. 7, lines 26-27 and 32-34., see above); and selecting data from said order book; and publishing said selected data to a plurality of recipients (516);

during the second stage of said order acceptance: period (col. 5, lines 37-39; col. 6, lines 16-21 and 57-61; col. 7, lines 26-27 and 32-34, May discusses the flexible control of outstanding and executed orders. In an auction setting mechanism for accepting late requests, or modified auction orders would be foreseeable circumstances within the “flexible control” of the invention. May also accounts for circumstances in which more than one user may engage in the auction cycle.):

accepting late requests to enter auction orders into the order book if said late requests to enter meet a first set of criteria (col. 5, lines 37-39; col. 6, lines 16-21 and 57-61; col. 7, lines 26-27 and 32-34, see above);

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accepting late requests to modify orders within the order book if said late requests to modify meet a second set of criteria (col. 5, lines 37-39; col. 6, lines 16-21 and 57-61; col. 7, lines 26-27 and 32-34, see above); and publishing said selected data within said order book to said plurality of recipients (516); during said price discovery period (finding price at which the most volume is traded, col. 43, lines 50-62; best prices, col. 35, lines 6-9; col. 37, lines 13-36; 302, Fig.15; col. lines 12-27):

identifying one or more prices at which the batch auction cycle would produce a maximum number of executed shares, and selecting one of said one or more prices as an optimal price (finding price at which the most volume is traded, col. 43, lines 50-62; best prices, col. 35, lines 6-9; col. 37, lines 13-36; 302, Fig.15; col. lines 12-27); and during said order execution period (col. 37, line 45-col. 39, line 29; col. 5, lines 37-39; col. 6, lines 16-21 and 57-61; col. 7, lines 26-27 and 32-34):

executing a trade of said maximum number of shares at said optimal price (col. 37, line 45-col. 39, line 29; col. 5, lines 37-39; col. 6, lines 16-21 and 57-61; col. 7, lines 26-27 and 32-34).

**Claim 31** May discloses a method of performing an intermediated batch auction of a security, comprising the steps of

receiving a plurality of orders from a plurality of participants during an order acceptance period, each of said orders identifying a desire to trade shares of the security (col. 16, line 30-col. 17, line 20);

providing information to an intermediary regarding said plurality of orders during said order acceptance period, and accepting orders from said intermediary identifying a desire to trade an excess number of shares based on said information (col. 7, lines 7-43);

discovering an optimal price at which a maximum number of said shares identified by said plurality of orders will be executed (finding price at which the most volume is traded, col. 43, lines 50-62; best prices, col. 35, lines 6-9; col. 37, lines 13-36; 302, Fig.15; col. lines 12-27); and

executing a trade of said maximum number of shares and said excess number of shares at said optimal price (col. 37, line 45-col. 39, line 29).

### ***Response to Arguments***

#### **35 USC §101**

Examiner notes the 35 USC §101 rejection has been withdrawn in view of applicant's arguments.

#### **35 USC §102**

Examiner notes that notable differences do not exist between May and the present invention as defined by the independent claims. As noted above is the 35 USC §102 rejection, May anticipates each element of the independent claims (i.e., claims 1,10,20,30 ,31) and their corresponding dependent claims are similarly rejected.

Applicant argues the system disclosed in May does not allow for the modification of submitted orders. In response, Examiner notes May discloses where submitted orders can be modified. For example, the user can reduce the quantity for submitted

orders if they wish to purchase less than what the counterparty is selling (adjusting quantities, col. 36, lines 38-42). For example, users can modify passive orders that have been submitted, (col. 38, lines 3-4, "the system also enables the user to modify, add or delete passive orders"). There are references the control users have of their submitted orders (see col. 37, lines 13-17, "An advantage of the market detail interface is that the user is not restricted to trading only the best price or first order. At no point in the process will any orders be automatically matched against each other by the system. The user is in complete control of the order flow process."). There are references to the effect of changing submitted orders (see Col. 37, lines 28-36, "Each order entered into the system is placed into a queue based on price and time received. A change to the order may or may not affect the order's place in the queue....").

Applicant argues the system disclosed by May does not restrict how modifications to orders can be made. In response, Examiner notes May does restrict how modifications to orders can be made. For example, users can modify the quantity they wish to purchase however, they are restricted from increasing the quantity beyond what the counter-party desires to sell (col. 36, lines 38-42). For example, users can modify their orders (e.g., price, volume). If users increase the volume, they are restricted from maintaining the balance in the same place in the queue, the balance becomes a new order (col. 37, lines 34-36).

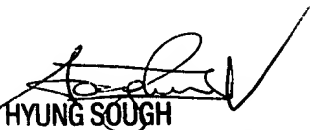
### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Sara Chandler whose telephone number is 571-272-1186. The examiner can normally be reached on 8-4:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung Sough can be reached on 571-272-6799. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

SMC

  
HYUNG SOUGH  
SUPERVISORY PATENT EXAMINER  
TECHNOLOGY CENTER 3600